



Publications of Legal Affairs Directorate of NIOC

Introduction

Having rich oil and gas resources, Iran is a country that plays an important role in world petroleum industry. Moreover, Iran is OPEC's second-largest oil producer that attracts global attentions. The country holds the world's third-largest proven oil reserves and the world's second-largest natural gas reserves. It is also the fourth-largest crude oil exporter in the world.*

National Iranian Oil Company (NIOC) is a state-owned company which deals with all issues regarding oil in the country. NIOC -the second largest oil company in the world- established in 1951 when the oil industry nationalized in Iran. The company consists of various sections; one of the important ones is Directorate of Legal Affairs.

Legal Affairs Directorate of NIOC is in authority of all legal issues regarding petroleum in Iran. In other words it deals with all affairs with legal content. Legal Affairs Directorate writes, arranges and makes contracts. Furthermore, it is the representative of NIOC in all disputes and conflicts arising from NIOC's contracts and activities. It also bears supervisory and coordinating role for legal departments of NIOC's subsidiaries and affiliated companies and assist them in their making their contracts as well as their disputes arising from their activities.

* The statistics are derived from EIA at: <http://www.eia.gov/cabs/iran/Full.html>, last visited on 13/8/2011.

In addition to all aforementioned, Legal Affair's Directorate of NIOC has considerable background in legal researches and publications. It has gathered various petroleum laws and regulations as well as collections of decrees regarding oil, gas and petrochemicals. It also published a book which is a collection of laws and regulations regarding petroleum contracts in Iran. The book provides English and Persian version of such laws which can be useful for both Iranian and foreigners. Furthermore, the legal consultants of the Legal Affair's Directorate have written many articles in the field of today's petroleum concerns which are published by NIOC.

Publications

Below is a list of some of the aforesaid collections as well as articles which are prepared and published by Legal Affair's Directorate of NIOC. Moreover, the abstract of each of them - which describes the contents as well as its aims- is available:

Books:

- Implementing Regulations Considering State Contracts' Letters of Guarantee
- Collection of Governing Rules and Regulations concerning Oil Industry
- The Collection of Laws and Regulations Regarding Land Acquisition and Documentation of Immovable Properties
- The Collection of Oil, Gas and Petrochemical Laws and Regulations
- The Law for Holding Tenders and Its Implementing By-Laws Together with the By-Law for Guarantying the State Transactions (with its Amendments, Attachment and Tables)
- Case Concerning Oil Platforms
- The Collection of Selected Iranian Acts and Regulations Related to Foreign Contracts

Articles:

- Legal Analysis of the Companies Incorporated abroad
- by National Iranian Oil Company
- Economic Sanctions and Petroleum Industry of Iran
- An overview of Offshore Legal Regime
- Risks associated with Energy Security
- Dispute Resolution with regard to Contracts Entered into by National Iranian Oil Company's Subsidiaries
- Principles of Drafting International Contracts
- State Contracts and Petroleum Contracts
- OECD Guidelines for Multinational Enterprises
- Legal Analysis of Oil Pollution Compensation Conventions
- Energy Charter Treaty (ECT) and Cross-border Oil and Gas Pipelines
- Key Provisions Stipulated in License Agreements

Implementing Regulations Considering State Contracts' Letters of Guarantee

Abstract

After publication of 3 volumes of Iranian petroleum Laws and regulations -Collection of Oil, Gas and Petrochemical Laws and Regulations which contains concessions, contracts, budget laws and articles of associations related to oil, gas and petrochemicals - Legal Affairs Directorate of National Iranian Oil Company (NIOC) has decided to publish collections of some contracts' laws and regulations separately together with all their amendments, annexes and some descriptions in order to make ambiguities clear for readers. The aim would be making a uniform practice as well as the same analysis of the related laws and regulations in all subsidiaries of Oil Ministry.

Therefore, this collection of "Implementing Regulations Considering State Contracts' Letters of Guarantee" together with all amendments annexes and tables is published by Legal Affairs Directorate of NIOC in order to facilitate usage of such regulations by directors and experts in oil and gas industry.

It is hoped this work serves as a step in development of oil and gas industry of the country and makes a light in the way of all who involve in this sector.

The Collection of Governing Rules and Regulations concerning Oil Industry

Abstract

This book is a new and unique collection of Rules and Regulations concerning Oil Industry. Laws, By-laws, Bills and Manual Procedures are collected in this book to be a significant source of information for those who are interested in this field. Some of the most important Laws in this collection are the Law concerning the foreigner's immovable property; rules with regard to delimitation of coastal waters and government monitoring zone on seas; the Decision on nationalization of Iranian Oil Industry, the Law concerning development of gas industry, Petroleum Law 1353 and 1366 (1974 and 1987), the Articles of Association of National Iranian Oil Company, Petrochemical Industry and National Iranian Gas Company, Legal bill establishing petroleum ministry, the Law concerning Iranian sea territories in Persian Gulf and Oman Sea, the Law for encouragement and protection of foreign investment, the Law concerning tendering procedures.

Referring to some special laws and regulations considering oil, gas and even petrochemicals makes this collection different from other similar. It is aimed to provide readers with the latest version of some special laws and regulations which are in forced.

The Collection of Laws and Regulations Regarding Land Acquisition and Documentation of Immovable Properties

Abstract

Today global need for energy is increasing and Iran as one of the biggest producers, play an important role in international petroleum industry. Therefore, development of internal petroleum sector is very significant for the country.

The main steps towards development of petroleum sector are accelerating the process of land acquisition as well as documenting immovable properties. This is an initial movement towards starting a petroleum project. Thus, availability of the laws and regulations regarding land acquisition and documentation of immovable properties is very important for experts, contractors and those who are interested in this filed. It can help them in fulfilling country's objectives for development of petroleum sector.

This collection of regulation aims at gathering various and scattered regulations of land acquisition and documentation of immovable properties. This fact that the aforesaid regulations had not been gathered in one cohesive collection -till now-, made it difficult to study and examine topics regarding land acquisition and documentation of immovable properties. Today, it is hoped that by availability of this collection of regulations the process of land acquisition and documentation of immovable properties accelerates in a way that can improve and develop petroleum sector. It is also hoped that this collection could facilitate legal studies around the topic.

At the end, it is worth noting that this collection which is gathered by Legal Affairs of National Iranian Oil Company has two Tables of Contents. One of them is organized based on subjects in order to get readers access to the topics they are looking for. The other one is based on the date of ratification of the regulation which can help readers to follow them according their ratification year and even day. Moreover, since the number of the regulations regarding land acquisition and documentation of immovable properties is high, this collection is prepared in two volumes and the aforesaid Table of Contents is available in the beginning of both volumes.

The Collection of Oil, Gas and Petrochemical Laws and Regulations

Abstract

Iran is one of the richest countries in oil and gas resources. Moreover, it is the second oil producer in the world. It also owns the world's second largest gas reserves. Thus petroleum sector is very important for the country.

There are many laws and regulations governing petroleum industry in Iran. Since there was not a cohesive collection which contained the most of materials which are needed, Legal Affairs Directorate of National Iranian Oil Company (NIOC) faced many requests from scholars, students and authors to make texts of concessions, contracts, decrees, articles of association – related to petroleum industry- available for them. Therefore, Legal Affairs Directorate of NIOC decided to gather aforesaid texts in order to make convenient access for all experts, directors, scholars, students, authors and those who are interested in petroleum industry.

This collection of “Collection of Oil, Gas and Petrochemical Laws and Regulations” contains concessions, contracts budget laws and articles of associations related to oil, gas and petrochemicals. To collect all the above data, many references are used including books and thesis regarding conferring concessions before Constitutional Revolution of Iran, annual collections of regulations of Ministry of justice, collections of parliament's ratifications published by Iranian National Consultative Assembly, available resources in Administration of Country's Laws and Regulations, the CD produced by Iranian Islamic Consultative Assembly regarding petroleum regulations as well as scattered files and archives in subsidiaries of Ministry of Oil.

By this publication, Legal Affairs Directorate of NIOC is hoped to facilitate accession to most of laws and regulations governing petroleum industry and by this way takes another step towards development of the industry.

The Law for Holding Tenders and Its Implementing By-Laws Together with the By-Law for Guarantying the State Transactions (with its Amendments, Attachment and Tables)

Abstract

After its ratification as a reference law in tendering, the Tendering Law (Ratified in 1383 by Islamic Council), substituted all by-laws concerning National Iranian Oil Company's transactions (ratified in 1339 and later reforms). Since the aforesaid law determines the method and stages of tendering, there is the need of gathering a collection consisting of "The Law for Holding Tenders and Its Implementing By-Laws Together with the By-Law for Guarantying the State Transactions (with its Amendments, Attachment and Tables)."

This collection has two parts: 1.The law for holding tenders and its implementing by-laws and 2.The by-law guarantying the state transactions as well as amendments, attachments and tables. This collection is aimed to help all directors, legal advisors and all colleagues in the oil industry to get them a convenience access to all laws and by-laws they need for holding tenders and even participating in it.

Case Concerning Oil Platforms

Abstract

The United State of America attacked Iran's oil platforms in Persian Gulf in 1987 and 1988 as a part of the USA's military actions against Iran with the aim of implementing its new strategies and policies for weakening Iran.

In November 2th 1992, Islamic Republic of Iran raised the case concerning the aforesaid attacks in International Court of Justice (ICJ) according to Treaty of Amity, Economic Relations and Consular Rights, 1955, and claimed for compensation based on Article 21 of the Treaty.

Having heard the parties and examined their bills, eventually after 11 years and 4 days in November 6th 2003, ICJ issued its award. In that award, 36 out of 48 reasoning were accepted in favor of Iran. ICJ found out that the USA's military attacks on Iran's oil platforms in 1987 and 1988 could not be justified (as it was alleged by the USA) as necessary for the protection of the USA's principle security interests based on Article 20, Para 1 (D) of the aforesaid Treaty. On the other hand, ICJ did not accept Iran's claim for compensation.

The ICJ's award is significantly important in the sense that as well as ICJ's dealing with the disputes between Iran and the USA, it recognized the principles of international law. The ICJ issued an award, in two cases, confirming what Iran was always asking for their official declarations from the United Nations:

1. ICJ confirmed in its award that Iraq attacked to Iran in 1980;
2. Iran has been accused to drawn foreign ships and therefore there were concerns for Iran to be charged for more than thousands foreign mariners killed there. However, the ICJ confirmed that the destruction of USA' ships in Persian Gulf was not related to Iran.

This work is the translation of the ICJ's award, which is a new and unique work, done by the efforts of Legal Affairs Directorate National Iranian Oil Company.

The Collection of Selected Iranian Acts and Regulations Related to Foreign Contracts

Abstract

Iran is one of the richest countries in oil and gas resources. Moreover, It is the world's second oil producer. Iran also has the second largest gas reserves in the world. Hence, petroleum industry is one of the main sectors in the country.

There are many laws and regulations governing petroleum industry of Iran. Since having access to those regulations is necessary for implementation of petroleum projects, Legal Affairs Directorate of National Iranian Oil Company (NIOC) gathered various petroleum laws and regulations in 3 volumes as well as a collection of decrees regarding oil, gas and petrochemical.

However, there was still the need for a collection of laws and regulations which are involved in petroleum contracts, a collection in both English and Persian language which can be used by both Iranians and foreigners. Therefore, Legal Affairs Directorate of NIOC decided to publish this collection of laws which facilitates accession to laws and regulations governing petroleum contracts.

Legal Analysis of the Companies Incorporated abroad

By: S.M. Zolfaghari*

Abstract

Generally speaking, the commercial companies that registered in any country are governed by the laws and regulations of the place of incorporation. However, this general maxim may face with some opponents which believe that in case of governmental companies, there should be special consideration.

Governmental companies which are those company that 50 or more that 50 percent of their shares are owned and controlled by government itself or governmental companies, are generally being established by law.

This article is aimed to discuss the aforesaid companies when they want to register abroad. These companies if registered abroad may cause a legal discussion for determining the applicable laws and regulations. There is a legal attitude that laws and regulations of place of registration will apply on the company that is registered outside of a country based on the general principles of law.

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Economic Sanctions and Petroleum Industry of Iran

By: Z. Ejehi*

Abstract

Petroleum industry of Iran has been the vital sector of the country during last hundred years. Therefore, it is important to review U.S.A as well as EU's sanctions against this sector. Such sanctions are targeted at economy of the country in order to isolate Iran.

U.S.A congress put serious punishments for service companies, investors and companies who provide services for petroleum industry of Iran. Moreover, EU is sanctioned Iran while they accepted their need to Iran's petroleum and recognize it as a way for diversifying their energy suppliers.

This article tries to overview sanctions from different prospects. First, it will define it from objective aspect. Then, it gives the classification of sanctions. Afterword, it analyses the legal aspects of sanctions and also discuss it in WTO framework. At the end, it examines the potential effects of such sanctions on the country.

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An overview of Offshore Legal Regime

By: B. Golzaroudi*

Abstract

To overview offshore legal regime, this article examines United Nations Convention on the Law of the Sea (1982) as well as the Act of Iran Territorial Sea in Persian Gulf and Oman Sea. The offshore legal regime will be overviewed under three titles: definition, rights and sovereignty of coastal countries and delimitation of continental shelf.

The United Nations Convention on the Law of the Sea (1982) defines zones such as territorial sea, contiguous zone, exclusive economic zone and continental shelf and provides for regulations which govern such zones. It also determines rights and sovereignty of coastal countries in its articles 76 to 85. The convention, however, does not refer to delimitation methods.

From internal point of view, The Act of Iran Territorial Sea in Persian Gulf and Oman Sea deals with the above issues. Although it does not clearly define continental shelf, it refers to other aforesaid subjects.

This article is aimed to discuss the continental shelf and the legal regime which governs it by examining an international convention -United Nations Convention on the Law of the Sea 1982 - and internal laws. It tries to make a general understanding around the concepts and regulations in this field.

* LLM in International Law

Risks associated with Energy Security

By: S.H. Mousavi^{*}

Abstract

The twentieth century was the century of energy. Between 1900 and 2000 much of our modern world was shaped by the development of energy resources. Thus, it is important to guarantee the availability of energy. Although the magnitude of demand for energy was greater at one point in time than another, competition for access to world energy resources as a vital aspect of economic growth has always been present.

Energy security may be defined as a condition in which a nation and all, or most, of its citizens and businesses have access to sufficient energy resources at reasonable prices for the foreseeable future free from serious risk of major disruption of service. Nevertheless, it should be emphasized that at different times, in different countries the crucial elements of energy security will vary.

This article is aimed to specify that which events are considered as risks and how they should be responded to. In order to determine the best security measures, the risk associated with various aspects of energy security should be revealed. There is no general consensus regarding which risks are more relevant for security reasons, but in this article the intention is to elaborate on those which are frequently referred to in discussions among energy scholars and that form the shared characteristic of different theories on this issue. Moreover, the article tries to analyze the most relevant risks that should be taken into consideration in designing a policy for such security. Such risks would be 1) reserve depletion (2) the structure of contracts for energy transactions, (3) the investment regime, (4) insecurity of energy sources, (5) the insecurity of energy transit routes, and (6) the insecurity of energy facilities.

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Dispute Resolution with regard to Contracts Entered into by National Iranian Oil Company's Subsidiaries

By: A. Rahimi*

Abstract

As a result of complexities in petroleum contracts, there might be disputes between employers and contractors. With regard to contracts concluded so far in the oil industry, the reference for dispute resolution between the parties is usually Iranian competent judicial authorities, and in exceptional cases, arbitration. At the beginning of year 1387, there published a ministerial circular, accordingly the procedure manual for dispute resolutions with regard to contracts made by subsidiaries shall be submitted to mother and subsidiary companies. According to aforesaid circular and the procedure manual attached to it. In case of any unsolved dispute arising between parties, it shall be referred to a 3-man committee constitutes of representatives of parties and a representative of the mother company's board of directors. It should be noted that contractor is not obligated to accept the Committee's award. And the right to refer to Iranian courts is reserved for him.

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Principles of Drafting International Contracts^{*}

By: M. Alikhani[†]

Abstract

There is a diversity of matters in terms of language, culture and legal systems in different countries. Such range of dissimilarities can cause difficulties in understanding parties' intention in international transactions. Thus, it is essential for parties to determine their contractual rights and obligations clearly and precisely in their international contracts; even more clear than their internal contracts. Therefore, it is important to review the problems that parties may face in an international contract.

This article tries to examine some problems with regard to drafting international contracts. Problems which may arise from the aforementioned differences between parties. In this regard, first, the Bernina case is studied with regard to its linguistic obstructions. And then it deals with the application of reasonable person rule for the interpretation of the parties' intention and their language in the contract. Eventually, the article will discuss the consent of the parties and its construction according to the English court's precedents regarding the model forms or standard contracts.

^{*} The article is derived from the book: "The Law of International Contracting", Larry A. Dimatteo

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Sate Contracts and Petroleum Contracts

By: M. Abolfathi *

Abstract

State Contract is a contract in which one of the parties is the sovereign State which is subject to international law rules, the other party in this contract is one or more than one private party attached to another State, particularly large multinational companies and firms. **Petroleum Contracts** are in essence considered to be part of State Contracts. These contracts are defined in the form of concession, production sharing contract between the State and one operator (contractor) exclusively for its implementing, and exploration and exploitation of hydrocarbons in a specific area and in the host state's territory.

The first part of this article compares the State Contract with investment contracts, inter-states contracts, contracts entered into the State and private parties, and administrative contracts. In the second part, it examines the established items in a petroleum contract; and eventually various types of petroleum contracts are introduced.

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OECD Guidelines for Multinational Enterprises

By: S. Nejatollahi*

Abstract

Organization for Economic Cooperation and Development (OECD) is an international organization of some countries with free economy that gather to cooperate in improving economy and making developments in member states.

To encourage multinational companies to participate in developments in host countries and solve the problems and difficulties of such participation, OECD has designed a guideline for international enterprises. Although the guideline tries to provide for comprehensive provisions which are related to multinational companies, this does not mean that they intend to coordinate application of national laws on such companies.

This article is tried to overview the above mentioned about OECD. It gives a brief introduction about OECD as well as its guidelines. It also analyses the guideline and its application.

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Legal Analysis of Oil Pollution Compensation Conventions

By: S. Souri*

Abstract

Before Torrey Canyon Accident, 1967, there was no regulation for compensations of oil pollution damages and there was a global need for a creative system of compensation. Aiming at answering to this need International

Maritime Organization came into existence and three generation of Conventions were born.

1992 Protocols which were, in fact, amendments to 1969 and 1971 Conventions play the most important role in compensation of oil leakage in maritime areas.

The most important goal of the above-mentioned protocols is creation of a system of compensation in which the different interests of concerning parties would be involved. Strict basis of compensation, compulsory insurance and limited amount of compensation are examples which prove the claim. While the current system of compensation does not prepare a complete system of compensation but the progress is undeniable.

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Energy Charter Treaty (ECT) and Cross-border Oil and Gas Pipelines

By: A. Behzadi*

Abstract

Cross- border pipelines start from one country and pass territory of one or several countries in their way to the country of destination. Since many more than one country is involved in cross border pipelines, they are referred to in Energy Charter Treaty. The treaty was signed in December 1994 and came into effect on 16th April 1998.

This article will discuss cross- border pipelines under Energy Charter Treaty. In the first part of this article, the concept of transit and cross-border pipeline is examined under the treaty. A cross-border pipeline is a pipeline that originates in one state and crosses one or more territories to deliver oil and gas to a market in a third country. The second part of this article is allocated to examine the relevance of the Energy Charter to cross-border pipelines, and explains why a consensus emerged that necessitate the provisions on energy issues to be enhanced and accordingly, an Energy Charter Transit Protocol aimed at strengthening the existing transit-related obligations on governments under the treaty was agreed at the end of 2002.

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Key Provisions Stipulated in License Agreements

By: J. Houshmand*

Abstract

All companies in the world are seeking to use more appropriate technologies for production of goods and services. In this respect concluding license agreements is one of the most common methods in order to get access to the required technology.

This article is reviewing the key conditions in license agreements. In these contracts, the proprietor, while reserving his ownership, gives permission to the licensee for use of the intellectual property. The purpose, scope and time limit for the use of the intellectual property shall be mentioned expressly and in a written form in the said license agreement. This study, in the first step examines different kinds of license agreements; and then, evaluates the key provisions stipulated in license agreement.

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